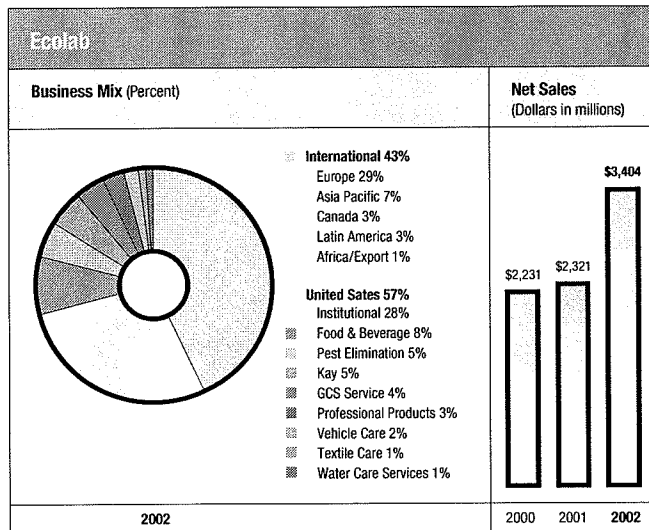


## Services-and-sales associates



December 31	2000	2001	2002
Institutional	2,975	2,985	3,125
Pest Elimination	1,475	1,450	1,555
Kay	180	235	245
Food & Beverage	410	385	395
Professional Products	195	190	175
GCS Service	415	560	530
Textile Care	125	125	95
Vehicle Care	95	100	100
Water Care Services	90	100	100
Europe	2,460	2,570	3,250
Canada	300	320	320
Asia Pacific*	955	1,065	925
Latin America	480	505	485
Africa/Export	125	130	120
<b>Total</b>	<b>10,280</b>	<b>10,720</b>	<b>11,420</b>

\*The 2002 decrease is due to the sale of the Hygiene Services business.

## Customers/markets served

### Customers

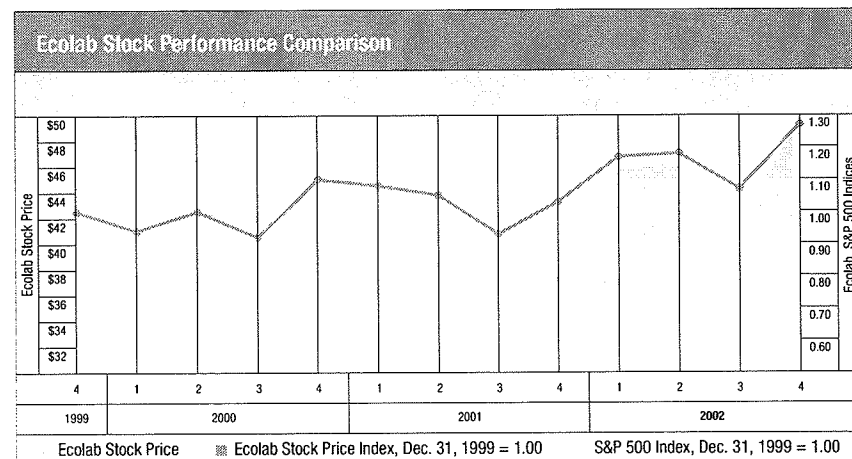
- Restaurants
- Hotels
- Quickservice operations
- Food retail (grocery)
- Schools
- Laundries
- Healthcare facilities
- Dairy farms and plants
- Food, beverage and brewery processing plants
- Pharmaceutical and cosmetic facilities
- Office buildings
- Shopping malls
- Light industry
- Fleet and vehicle wash

### Markets

- United States
- Europe
- Asia Pacific
- Canada
- Latin America
- Africa/Export

## Ecolab stock performance

	2000		2001		2002	
Quarter	High	Low	High	Low	High	Low
First	\$40.75	\$28.00	\$44.19	\$37.88	\$47.88	\$38.86
Second	41.25	34.94	43.20	36.35	47.99	42.50
Third	40.00	33.25	42.00	28.50	49.02	36.53
Fourth	45.69	34.06	41.05	34.20	50.40	41.41



## Description of business

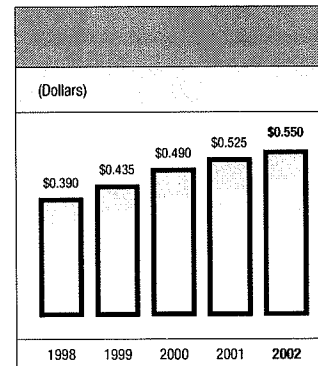
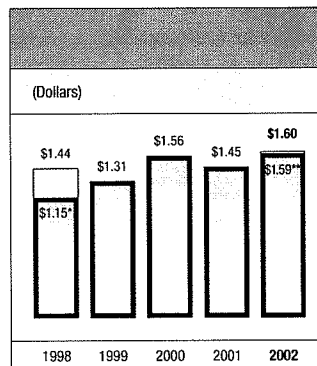
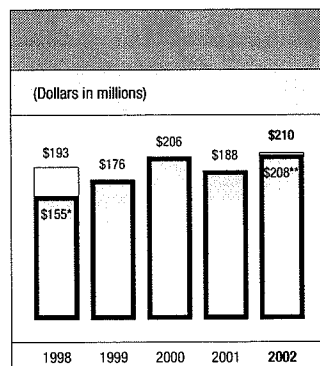
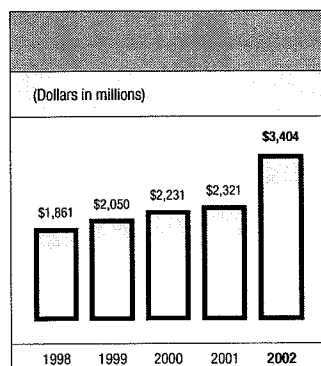
Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for the hospitality, foodservice, institutional and industrial markets. Founded in 1923 and headquartered in St. Paul, Minn., Ecolab reaches customers in more than 160 countries, employing more than 20,000 associates worldwide. Customers include hotels and restaurants; foodservice, healthcare and educational facilities; quickservice (fast food) units; commercial laundries; light industry; dairy plants and farms; and food and beverage processors. Products and services are marketed by the industry's largest and best-trained direct sales-and-service force, numbering more than 11,000 associates who advise and assist customers in meeting a full range of cleaning, sanitation and service needs.

Ecolab common stock is traded on the New York Stock Exchange and the Pacific Exchange under the symbol ECL. Ecolab news releases and other selected investor information are available on the Internet at [www.ecolab.com](http://www.ecolab.com).

**Forward-Looking Statements** We refer readers to the Company's disclosure, entitled "Forward-Looking Statements," which is located on page 20 of this Annual Report.

## Financial highlights

(thousands, except per share)	Percent Change				
	2002	2001	2000	2002	2001
Net Sales	\$3,403,585	\$2,320,710	\$2,230,661	47%	4%
Net Income	209,770	188,170	206,127	11	(9)
Percent of Sales	6.2%	8.1%	9.2%		
Diluted Net Income Per Common Share	1.60	1.45	1.56	10	(7)
Diluted Weighted-Average Common Shares Outstanding	130,787	129,928	131,946	1	(2)
Cash Dividends Declared per Common Share	0.550	0.525	0.490	5	7
Cash Provided by Operating Activities	423,326	364,481	315,486	16	16
Capital Expenditures	212,757	157,937	150,009	35	5
Shareholders' Equity	1,099,751	880,352	757,007	25	16
Return on Beginning Equity	23.8%	24.9%	27.1%		
Total Debt	699,842	745,673	370,969	(6)	101
Total Debt to Capitalization	38.9%	45.9%	32.9%		
Total Assets	\$2,878,429	\$2,525,000	\$1,714,011	14%	47%



\* Income from continuing operations. Excludes gain from discontinued operations of \$38 million, or \$0.28 per diluted share, which was included in net income for 1998.

\*\* Income from continuing operations. Excludes gain from discontinued operations of \$2 million, or \$0.01 per diluted share, which was included in net income for 2002.

# Consolidated balance sheet

December 31 (thousands, except per share)	2002	2001	2000
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 49,205	\$ 41,793	\$ 43,965
Accounts receivable, net	553,154	514,074	326,937
Inventories	291,506	279,785	168,220
Deferred income taxes	71,147	53,781	50,709
Other current assets	50,925	40,150	10,737
Total current assets	1,015,937	929,583	600,568
Property, plant and equipment, net	680,265	644,323	501,640
Investment in Henkel-Ecolab			199,642
Goodwill, net	695,700	596,925	252,022
Other intangible assets, net	188,670	178,951	55,034
Other assets, net	297,857	175,218	105,105
Total assets	\$2,878,429	\$2,525,000	\$1,714,011
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Short-term debt	\$ 160,099	\$ 233,393	\$ 136,592
Accounts payable	205,665	199,772	146,428
Compensation and benefits	184,239	132,720	88,330
Income taxes	12,632	18,887	
Other current liabilities	303,715	243,180	160,684
Total current liabilities	866,350	827,952	532,034
Long-term debt	539,743	512,280	234,377
Postretirement health care and pension benefits	207,596	183,281	117,790
Other liabilities	164,989	121,135	72,803
Shareholders' equity (common stock, par value \$1.00 per share; shares outstanding: 2002 – 129,940; 2001 – 127,900; 2000 – 127,161)	1,099,751	880,352	757,007
Total liabilities and shareholders' equity	\$2,878,429	\$2,525,000	\$1,714,011

ECOLAB  
TURN IT UP  
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# one

**Ecolab 2001 Annual Report**

# Ecolab overview

With our acquisition of the remaining 50 percent of our European joint venture, we begin 2002 as one united Ecolab around the globe. This transaction enhanced our position as the world leader in premium cleaning, sanitation and service solutions. Combined with our European operations, we serve the needs of hospitality, institutional and industrial customers in nearly 170 countries. True to our Circle the Customer – Circle the Globe strategy, we surround our customers with a comprehensive, ever-expanding array of products, programs and services, around the world. In the United States,

## Services/Products

**Institutional:** Products, programs and services for the foodservice and hospitality industries, including warewashing, on-premise laundry, housekeeping, water filtration and conditioning, specialty kitchen and laundry products, kitchen exhaust cleaning and rooftop grease containment, and pool and spa management.

**Pest Elimination:** Services and technology for commercial pest elimination and prevention, and grease elimination.

**Key:** Cleaning and sanitizing products, services and training programs for the quickservice restaurant, convenience store and food retail markets.

**Food & Beverage:** Cleaning and sanitizing products, equipment, systems and services for the agribusiness, beverage, brewery, pharmaceutical, dairy and food processing industries.

**Professional Products:** Janitorial cleaning and infection prevention products, programs and systems for the commercial, industrial and healthcare markets.

**GCS Service:** Leading independent national provider of repair, parts replacement and customized maintenance for commercial foodservice equipment.

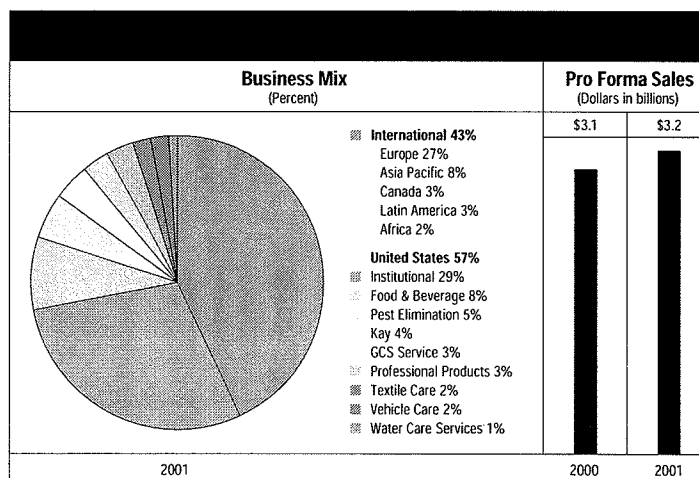
**Textile Care:** Cleaning and sanitizing products and services that meet the needs of for-profit commercial and shirt laundries.

**Vehicle Care:** Cleaning and appearance products and programs for vehicle rental, commercial and retail car wash operations.

**Water Care Services:** Water treatment programs for boilers, cooling water and waste treatment systems.

## Sales-and-Service Associates

December 31	1999	2000	2001
Institutional	2,705	2,975	2,985
Pest Elimination	1,380	1,475	1,450
Key	150	180	235
Food & Beverage	420	410	385
Professional Products	195	195	190
GCS Service	285	415	560
Textile Care	130	125	125
Vehicle Care	100	95	100
Water Care Services	90	90	100
Europe	2,400	2,460	2,570
Canada	280	300	320
Asia Pacific	775	955	1,065
Latin America	310	480	505
Africa/Export	100	125	130
Total	9,320	10,280	10,720



Ecolab operates through nine complementary business units: Institutional, Food & Beverage, Pest Elimination, Kay, Professional Products, GCS Service, Textile Care, Vehicle Care and Water Care Services. Globally, our core institutional and industrial offerings are available in all markets – with additional businesses added as demand dictates. Through direct subsidiaries, export operations, joint ventures, distributors and licensees, we reach customers in Europe, Asia Pacific, Canada, Latin America, the Middle East and Africa, with offerings tailored as necessary to meet unique local and regional needs.

#### Customer/Markets

##### Customers

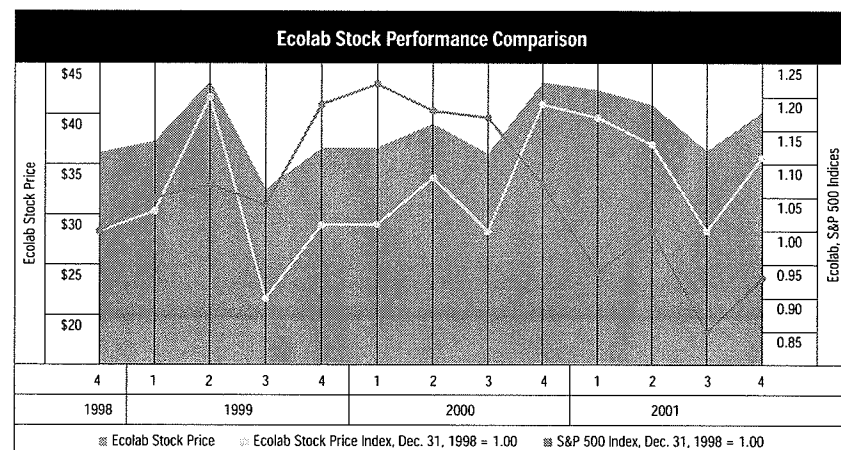
- Restaurants
- Hotels
- Quickservice operations
- Food retail (grocery)
- Schools
- Laundries
- Healthcare facilities
- Dairy farms and plants
- Food, beverage and brewery processing plants
- Pharmaceutical and cosmetic facilities
- Office buildings
- Shopping malls
- Light industry
- Fleet and vehicle wash

##### Markets

- United States
- Europe
- Asia Pacific
- Canada
- Latin America
- Africa

#### Ecolab Stock Performance

	1999		2000		2001	
Quarter	High	Low	High	Low	High	Low
First	\$41.25	\$34.63	\$40.75	\$28.00	\$44.19	\$37.88
Second	44.44	34.69	41.25	34.94	43.20	36.35
Third	43.88	31.69	40.00	33.25	42.00	28.50
Fourth	39.25	32.50	45.69	34.06	41.05	34.20





### Description of Business

Founded in 1923, Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for the world's hospitality, institutional and industrial markets.

Headquartered in St. Paul, Minn., Ecolab reaches customers in North America, Europe, Asia Pacific, Latin America, the Middle East and Africa, employing more than 19,000 associates worldwide. Customers include hotels and restaurants; foodservice, healthcare and educational facilities; quickservice (fast food) units; commercial laundries; light industry; dairy plants and farms; and food and beverage processors. Products and services are marketed by the industry's largest and best-trained direct sales-and-service force, numbering more than 10,000 associates who advise and assist customers in meeting a full range of cleaning, sanitation and service needs.

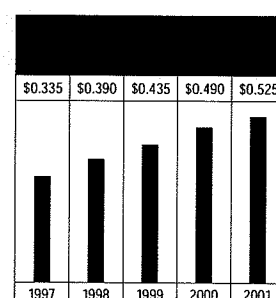
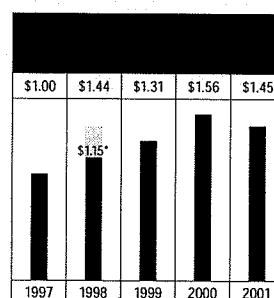
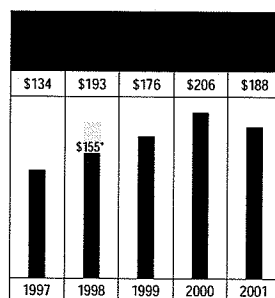
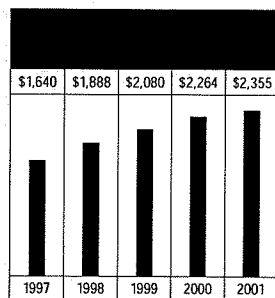
Ecolab common stock is traded on the New York Stock Exchange and the Pacific Exchange under the symbol ECL. Ecolab news releases and other selected investor information are available on the Internet at [www.ecolab.com](http://www.ecolab.com) or by calling 1-800-FACT-ECL (1-800-322-8325).

### Forward-Looking Statements

We refer readers to the Company's disclosure, entitled "Forward-Looking Statements," which is located on page 20 of this Annual Report.

### Financial Highlights

				Percent Change	
(thousands, except per share)	2001	2000	1999	2001	2000
Net Sales	\$2,354,723	\$2,264,313	\$2,080,012	4%	9%
Net Income	188,170	206,127	175,786	(9)	17
Percent of Sales	8.0%	9.1%	8.5%		
Diluted Net Income Per Common Share	1.45	1.56	1.31	(7)	19
Diluted Weighted-Average Common Shares Outstanding	129,928	131,946	134,419	(2)	(2)
Cash Dividends Declared per Common Share	0.525	0.490	0.435	7	13
Cash Provided by Operating Activities	364,481	315,486	293,494	16	7
Capital Expenditures	157,937	150,009	145,622	5	3
Shareholders' Equity	880,352	757,007	762,016	16	(1)
Return on Beginning Equity	24.9%	27.1%	25.5%		
Total Debt	745,673	370,969	281,074	101	32
Total Debt to Capitalization	45.9%	32.9%	26.9%		
Total Assets	\$2,525,000	\$1,714,011	\$1,585,946	47%	8%



\*Income from continuing operations. Excludes gain from discontinued operations of \$38 million, or \$0.28 per diluted share, which was included in net income for 1998.

Consolidated *balance sheet*

December 31 (thousands, except per share)	2001	2000	1999
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 41,793	\$ 43,965	\$ 47,748
Accounts receivable, net	514,074	326,937	299,751
Inventories	279,785	168,220	176,369
Deferred income taxes	53,781	50,709	41,701
Other current assets	40,150	10,737	11,752
Total current assets	929,583	600,568	577,321
Property, plant and equipment, net	644,323	501,640	448,116
Investment in Henkel-Ecolab		199,642	219,003
Goodwill, net	596,925	252,022	205,330
Other intangible assets, net	178,951	55,034	44,426
Other assets	175,218	105,105	91,750
Total assets	\$2,525,000	\$1,714,011	\$1,585,946
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities			
Short-term debt	\$ 233,393	\$ 136,592	\$ 112,060
Accounts payable	199,772	146,428	122,701
Compensation and benefits	132,720	88,330	90,618
Income taxes	18,887		5,743
Other current liabilities	243,180	160,684	139,552
Total current liabilities	827,952	532,034	470,674
Long-term debt	512,280	234,377	169,014
Postretirement health care and pension benefits	183,281	117,790	97,527
Other liabilities	121,135	72,803	86,715
Shareholders' equity (common stock, par value \$1.00 per share; shares outstanding: 2001 – 127,900; 2000 – 127,161; 1999 – 129,416)	880,352	757,007	762,016
Total liabilities and shareholders' equity	\$2,525,000	\$1,714,011	\$1,585,946

The accompanying notes are an integral part of the consolidated financial statements.





## Description of Business

Founded in 1923, Ecolab is the leading global developer and marketer of premium cleaning, sanitizing, pest elimination, maintenance and repair products and services for hospitality, institutional and industrial markets. Customers include hotels and restaurants, foodservice, healthcare and educational facilities; quickservice (fast-food) units; commercial laundries; light industry; dairy plants and farms; and food and beverage processors. Ecolab provides customized products, equipment and programs backed by the industry's largest and best-trained sales-and-service force, which is more than 7,800 members strong.

Ecolab operates directly in 40 countries in North America, Asia Pacific, Latin America and Africa, employing more than 14,000 associates. In Europe, it reaches customers through the Henkel-Ecolab joint venture headquartered in Düsseldorf, Germany. Henkel-Ecolab does business in 27 countries, including Eastern European markets, and employs nearly 4,800 associates. Its direct sales and service force exceeds 2,400. Ecolab serves customers in more than 100 other countries through distributors, licensees and export operations.

Ecolab common stock is traded on the New York Stock Exchange and the Pacific Exchange under the symbol ECL. Ecolab news releases and other selected investor information are available by calling 1-800-FACT-ECL (1-800-322-8325) or on the Internet at [www.ecolab.com](http://www.ecolab.com).

## Forward-Looking Statements

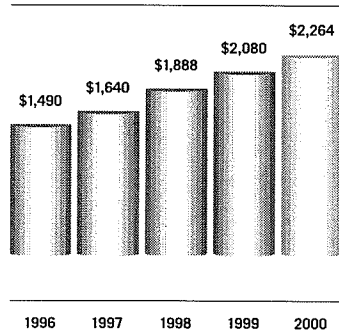
This Annual Report to Stockholders contains various "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Generally, phrases or words such as "will likely result," "are expected to," "will continue," "is anticipated," "we believe," "estimate," "project" (including the negative or variations thereof) or similar terminology identify forward-looking statements. These statements, which represent Ecolab's expectations or beliefs concerning various future events, are based on current expectations. Therefore, they involve a number of risks and uncertainties that could cause actual results to differ from those of such Forward-Looking Statements. We refer readers to the Company's statement entitled "Forward-Looking Statements," which is located on page 24 of this Annual Report, for further discussion of these matters. Additional risk factors may be described from time to time in Ecolab's filings with the Securities and Exchange Commission.



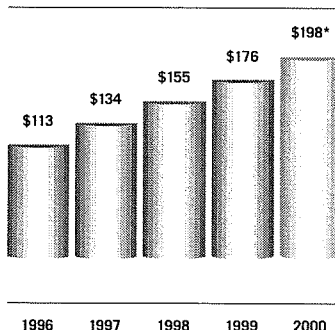
# Financial highlights

(thousands, except per share)	Percent Change				
	2000	1999	1998	2000	1999
Net Sales	<b>\$2,264,313</b>	\$2,080,012	\$1,888,226	<b>9%</b>	10%
Income from Continuing Operations Before Unusual Items	<b>197,878*</b>	175,786	154,506	<b>13</b>	14
Percent of Sales	<b>8.7%</b>	8.5%	8.2%		
Diluted Income Per Common Share	<b>1.50*</b>	1.31	1.15	<b>15</b>	14
Diluted Weighted-Average Common Shares Outstanding	<b>131,946</b>	134,419	134,047	<b>(2)</b>	–
Cash Dividends Declared per Common Share	<b>0.490</b>	0.435	0.390	<b>13</b>	12
Cash Provided by Continuing Operating Activities	<b>315,486</b>	293,494	274,529	<b>7</b>	7
Capital Expenditures	<b>150,009</b>	145,622	147,631	<b>3</b>	(1)
Shareholders' Equity	<b>757,007</b>	762,016	690,541	<b>(1)</b>	10
Return on Beginning Equity	<b>26.0%</b>	25.5%	28.0%		
Total Debt	<b>370,969</b>	281,074	295,032	<b>32</b>	(5)
Total Debt to Capitalization	<b>32.9%</b>	26.9%	29.9%		
Total Assets	<b>\$1,714,011</b>	\$1,585,946	\$1,470,995	<b>8%</b>	8%

**Net Sales** (Dollars in Millions)



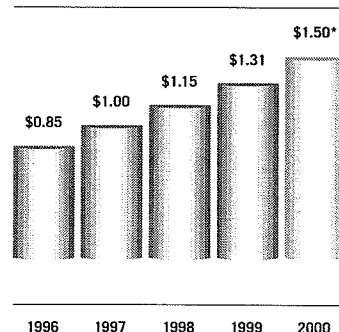
**Income** (Dollars in Millions)



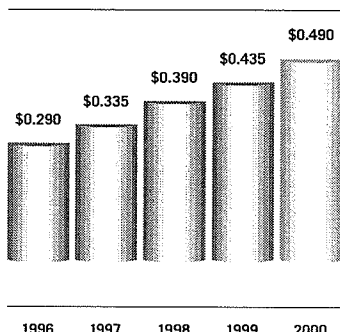
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**Business Overview, gatefold-back cover**

**Diluted Income per Share** (Dollars)



**Dividends Declared per Share** (Dollars)



\*Excludes a net gain of \$8.2 million, or \$0.06 per diluted share for unusual items in 2000: gain on the sale of the Jackson business, restructuring expenses and cumulative effect of change in accounting for revenue recognition. Net income for 2000 was \$206,127, or \$1.56 per diluted share.

All product names and certain information appearing in italic type in the text of this annual report are trademarks, brand names, service marks or copyright material of Ecolab Inc., Kay Chemical Company or Henkel-Ecolab.